

Message Text

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PAGE 01 SANTO 01922 290406Z

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

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R 261528Z APR 76 ZDK

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 6756

INFO AMEMBASSY CARACAS

AMEMBASSY PORT AU PRINCE

C O N F I D E N T I A L SANTO DOMINGO 1922

E.O. 11652: GDS

TAGS: PINT, PFOR, DR

SUBJ: DOMINICAN POLITICAL ASSESSMENT: FIRST QUARTER 1976

REF: SANTO DOMINGO 286 (NOTAL)

SUMMARY: POSSIBLY MADE APPREHENSIVE BY THE EMERGENCE OF A PLAUSIBLE CONTENDER ON THE RIGHT, BY THE HEIGHTENED ACTIVITIES OF THE ORGANIZED OPPOSITION IN THE INTERIOR AND BY THE PRESIDENT'S GAMBLE IN WITHHOLDING SUGAR FROM THE INTERNATIONAL MARKET, REFORMISTA POLITICAL PARTY LEADERS HAVE BEEN PROJECTING A CERTAIN DEGREE OF UNEASINESS. THE MILITARY ONCE AGAIN DISPLAYED THEIR POLITICAL ORIENTATION WHEN TWO TOP COMMANDERS MADE PUBLIC DECLARATIONS ALIGNING THE ARMED FORCES BEHIND THE PRESIDENT. IN A GENERALLY QUIESCENT PERIOD FOR FOREIGN RELATIONS, THE VENEZUELAN-DOMINICAN MIXED COMMISSION AGAIN FAILED TO FIND A SUITABLE FORMULA FOR PETROLEUM SALES. PRESIDENT BALAGUER IS HOLDING FIRMLY TO THE POLICY TO WITHHOLD DOMINICAN SUGAR FROM THE MARKET UNTIL PRICES IMPROVE. END SUMMARY.

1. THE POLITICAL SCENE - PRESIDENT BALAGUER WAS PRESENTED WITH AN UNEXPECTED CHALLENGE FROM THE RIGHT WHEN, LAST MONTH, CONFIDENTIAL

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PAGE 02 SANTO 01922 290406Z

CONSERVATIVE LAWYER-LANDOWNER LIC. LUIS JULIAN PEREZ PUBLICLY

ANNONCED THE FORMATION OF HIS MOVEMENT OF NATIONAL SALVATION. GIVEN A BIG PLAY BY THE MEDIA BECAUSE OF THE ASSUMPTION THAT HE HAD WIDESPREAD SUPPORT AMONG BUSINESSMEN AND RANCHERS, JULIAN'S DEBUT EXCITED STRONG REACTION FROM REFORMISTA PARTY LEADERS, WHO WARNED HIGH GOVERNMENT OFFICIALS AND BUSINESSMEN OF THE CONSEQUENCES OF SUPPORTING JULIAN. SEEKING AN EXPLANATION FOR JULIAN'S SURPRISE ENTRY ON THE POLITICAL SCENE, SOME GOVERNMENT SUPPORTERS GAVE CURRENCY TO RUMORS THAT THE US EMBASSY WAS BACKING HIM. THEY THUS CONTRIBUTED EVEN MORE CREDIBILITY TO THE CHALLENGES OF THIS PROMINENT CONSERVATIVE LEADER. HE IS NOW EXPECTED TO RUN FOR PRESIDENT IN 1978. HIS RECURRENT THEMES OF SUPPORT FOR BETTER, MORE RATIONAL ECONOMIC PLANNING AND HIS OPPOSITION TO ANY AGRARIAN LAND REFORM WHICH WOULD BREAK UP THE LARGEST, AND IN HIS VIEW MOST ECONOMICALLY VIABLE, LANDHOLDINGS MAY HAVE NO GENERAL APPEAL BUT ARE ATTRACTIVE TO MANY OF THE MOST POWERFUL AND CONSERVATIVE FORCES OF THIS COUNTRY. MEANWHILE, THE PARTIDO REVOLUCIONARIO DOMINICANO HAS BEEN CONSOLIDATING AND EXTENDING ITS POSITION AS THE LEADING OPPOSITION PARTY BY MOVING ITS LEADERS TO THE HUSTINGS FOR MEETINGS AND ORGANIZATIONAL WORK. THE PARTY HAS ALSO BEEN REFUSING TO COMMIT ITSELF TO ALLIANCES WITH OTHER OPPOSITION FORCES AND HAS BEEN DILIGENTLY TRYING TO CURTAIL PUBLIC DISCUSSION, BY ITS DIFFUSE LEADERSHIP, OF THE PROSPECTS AND LIKELIHOOD OF FUTURE ALLIANCES.

2. THE MILITARY IN POLITICS - APPARENTLY REACTING TO THE INCREASED ACTIVITY OF THE OPPOSITION, TWO IMPORTANT MILITARY COMMANDERS, ONE IN FEBRUARY AND THE OTHER IN APRIL, PUBLICLY DECLARED THAT THE MILITARY FULLY SUPPORTED THE PRESIDENT AND IMPLIED THAT HIS OPPONENTS MIGHT NOT BE ALLOWED TO TAKE POWER. ALTHOUGH THE SECRETARY OF THE ARMED FORCES SUBSEQUENTLY MODERATED THE EFFECT OF THE FIRST SPEECH BY STATING THAT THE MILITARY WAS APOLITICAL, HE MADE NO SUCH CORRECTIVE DECLARATION AFTER THE SECOND IN WHICH THE CHIEF OF STAFF OF THE NAVY, COMODORO FRANCISCO RIVERA CAMINERO, AFFIRMED THAT THE MILITARY WERE SOLIDLY BEHIND PRESIDENT BALAGUER NOW AND WOULD SUPPORT HIM IN THE FUTURE.

3. STILL NO AGREEMENT WITH VENEZUELA ON OIL PURCHASES - HOPES
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PAGE 03 SANTO 01922 290406Z

FOR PREFERENTIAL PURCHASES OF VENEZUELAN CRUDE WERE GIVEN ANOTHER SETBACK WHEN THE DOMINICAN DELEGATION TO THE DOMINICAN-VENEZUELAN MIXED COMMISSION MEETING IN CARACAS IN FEBRUARY RETURNED HOME WITHOUT AN ACCEPTABLE AGREEMENT. PRESIDENT BALAGUER IS KNOWN TO OPPOSE OIL PURCHASING CREDITS FROM VENEZUELA AT CURRENT MARKET RATES OF INTEREST, BUT THE GROWING CERTAINTY OF A SIZEABLE PAYMENTS DEFICIT THIS YEAR MAY ARGUE IN FAVOR OF SOME SORT OF SCHEME FOR DELAYED

PAYMENTS.

4. NO SUGAR SALES - REACTING TO WHAT HE BELIEVES ARE LOW WORLD MARKET SUGAR PRICES, PRESIDENT BALAGUER HAS REFUSED TO ALLOW DOMINICAN SUGAR TO BE PUT ON THE INTERNATIONAL MARKET. CONVINCED THAT THE DR CAN EVENTUALLY GET AT LEAST 17 CENTS A POUND, THE PRESIDENT HAS ORDERED CURRENT PRODUCTION STORED IN WAREHOUSES, UNUSED FACTORIES AND AIRCRAFT HANGARS. MEANWHILE, CREDIT IS TIGHTENING BECAUSE OF THE GROWING SHORTAGE OF FOREIGN EXCHANGE, AND BUSINESSMEN ARE SHOWING ANXIETY OVER A POSSIBLE DOWNTURN IN THE ECONOMY SHOULD SUGAR PRICES REMAIN LOW AND THE GOVERNMENT CONTINUE TO REFUSE TO SELL. THE PRESIDENT IS TAKING A CALCULATED RISK WHICH IS PROVOKING UNSOLICITED ADVICE FROM ALL SIDES OF THE ISSUE. SHOULD HE JUDGE THE MARKET TREND CORRECTLY HE WILL HAVE ALLEVIATED A SERIOUS PROBLEM OF FOREIGN EXCHANGE. HOWEVER, IN THE VOLATILE POLITICAL ENVIRONMENT OF THE DOMINICAN REPUBLIC AN INDEFINITELY DECLINING PRICE AND A HARDENING DETERMINATION NOT TO SELL COULD PRODUCE IMPORTANT DEFECTIONS FROM BALAGUER'S CAMP BY SOME OF HIS MOST INFLUENTIAL SUPPORTERS.

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